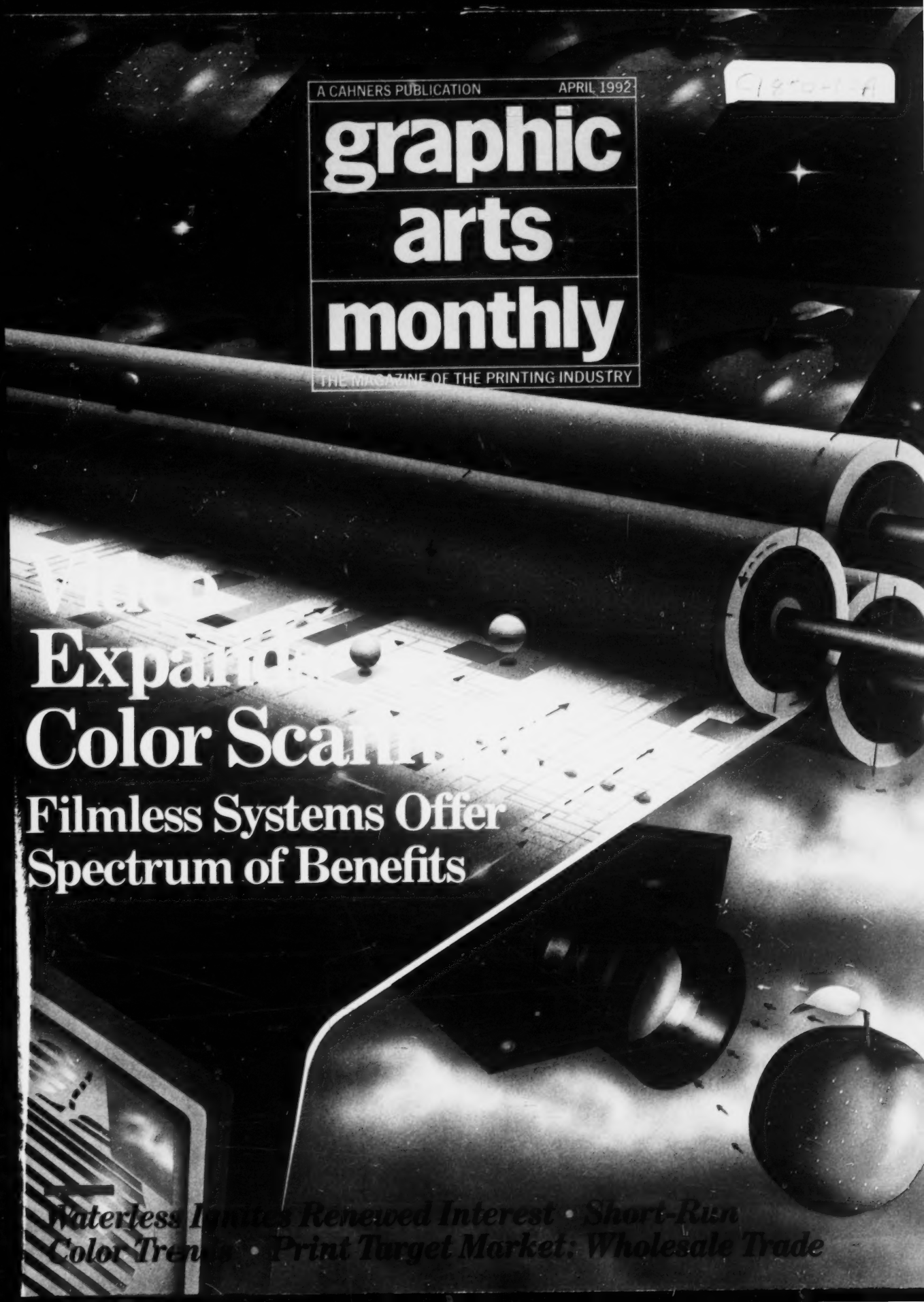
A CAHNERS PUBLICATION APRIL 1992

graphic arts monthly

THE MAGAZINE OF THE PRINTING INDUSTRY



Expanding Color Scanning

Filmless Systems Offer Spectrum of Benefits

Waterless Ignites Renewed Interest • Short-Run Color Trends • Print Target Market: Wholesale Trade

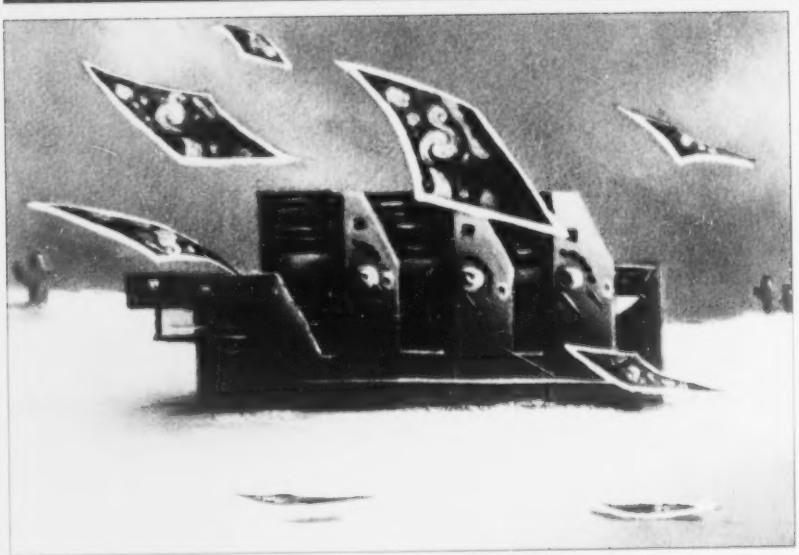
VOLUME 64 NUMBER 4

A CAHNERS PUBLICATION APRIL 1992

graphic arts monthly

THE MAGAZINE OF THE PRINTING INDUSTRY

FEATURES



page 32

Video Expands Color Scanning

By Earl Wilken

This versatile brand of electronic photography starts with an image in digital form. Enough said?

32

Waterless Ignites Renewed Interest

By Lisa Cross

Consistent fine-screen work is the main appeal of a printing system now gaining a foothold in the U.S.

38

Removing the Water Easily

This printer chose waterless to offer customers that "something extra".

44

Waterless Resolution

When Blazing Graphics added a 40" six-color press, it specified waterless capability.

46

Short Runs Bloom In Color

By Marigrace Maselli

New digital imaging and copying technologies are revolutionizing the world of short-run color.

48

Print Target Markets: Wholesale Sales Shrink

From 1990-1991, volume in almost all consumer durables shrank.

51

Coming Home to Success

Arcata will become a bigger force, sharply focused on books and publications, says Fowler.

59

French Fever

The IPG 92 show in Paris offers a look at current technology and a peek at Europe in transition.

62

Printer Plays Two Roles

By Michael Karol

European Graphics built its success on creative design efforts plus printing skills.

64

PREPRESS IMAGING

High-End Scanner Links: Part 2

By Melene Follett

71

Benchmarking Workshop at RIT

74

Time Is Ripe to Understand RIP

76

On The Cover: Illustration by Salem Krieger

Contents continues on page 6

graphic arts monthly

Vice-President and Publisher Ronald C. Andriani

Editor Roger Ynostroza

Managing Editor Michael Karol

Associate Editors Earl Wilken, Lisa Cross

Assistant Editor Bridget Kinsella Arajs

Art Director Karen Lehrer

Production Editor Mick Andreano

Special Projects Manager Peter Johnston (212) 932-3368

Project Editor Debora Clesh Toth

Midwest Editor Bill Esler (312) 226-4641

Contributing Editors Dick Gorelick, George Griffin, Gerald Silver, Nancy Plowman, Theodore Lustig, Michael J. Ducey

Classified Advertising Manager Kevin D. Thomas (212) 463-6843 Maureen Lewis, Assistant

Direct Marketing Manager Richard Negri (212) 463-6827

Business Manager Jerry Arotsky

Contracts Jeffrey Rothstein

Production Manager Daniel Coakley (212) 463-6545

Promotion Manager Dorian Torregrossa

Research Manager Angela Venturino Darchi

Publisher's Assistant Holly Hoffman

Sales Administrator Elisa Balsamo

Bulk Reprints Carol Bien 1-800-323-4958

Supplement Reprints Cathy Dionne 1-800-523-9654

Circulation Director Ed Christ (303) 398-7609

Subscriptions/Back Issues 1-800-637-6089

249 W. 17th St., New York, NY 10011
Sales offices: (212) 463-6828
Editorial offices: (212) 463-6834
Facsimile: (212) 463-6733

UPFRONT

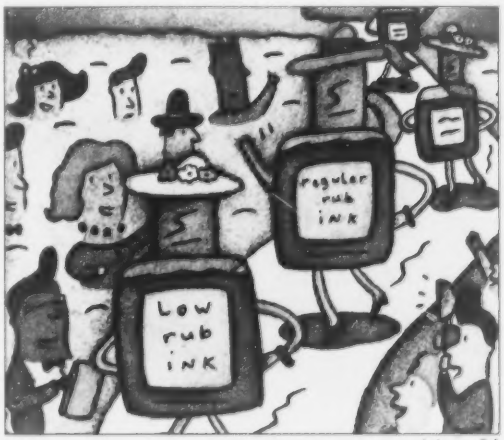
Mailbox	8
Editorial	10
Business Outlook	13
Market Watch	14
Graphic Arts Index	14
Press Clips	16
Washington Briefs	18
Mergers & Acquisitions	20
News	22
Calendar	25
People	29
Companies	31

COLUMNISTS

Selling Yourself George Griffin	80
Training Aids Bridget Kinsella Arajs	84
Marketing Dick Gorelick	88
Type & Design Michael Karol	92
Ink Theodore Lustig	94
Paper Michael J. Ducey	97
Estimating Gerald A. Silver	100

DEPARTMENTS

TPG 92 New Products	102
New Products	107
Literature	118
How'd They Print That?	124
Classified	125
Advertisers Index	152

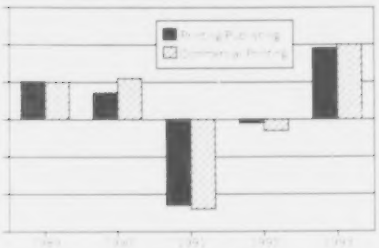


Ink, p. 94

Graphic Arts Monthly (ISSN 1047-9325) (GST 123397457), including The Printing Industry and Business Graphics®, is published monthly by The Cahners Publishing Company (Subscription includes all issues). Cahners Publishing Company is a Division of Reed Publishing USA, 275 Washington St., Newton, MA 02158-1630. Terrence M. McDermott, President/Chief Operating Officer; Frank J. Sibley, Executive Vice President; Robert T. Brawn, Senior Vice President/General Manager; Jerry D. Neth, Senior Vice President/Publishing Operations; J.J. Walsh, Senior Vice President/Finance; Thomas J. Dellamaria, Senior Vice President/Production and Manufacturing; Ralph Knupp, Vice President/Human Resources; Barrie Stern, Director of Art Department. Circulation records are maintained at Cahners Publishing Company, 44 Cook St., Denver, CO 80206-5800. Phone 303-388-4511. Second-class postage paid at Denver, CO 80206-5800 and additional mailing offices. **Postmaster: send address changes to Graphic Arts Monthly, P.O. Box 173377, Denver, CO 80217-3377.** Graphic Arts Monthly © Copyright 1992 by Reed Publishing USA; Robert L. Krakoff, Chairman and Chief Executive Officer. Annual subscription rates for non-qualified people: USA, $84.95 ($143.95 for two years). Mexico: $153.95 ($261.95 for two years). Canada: $164.95 ($279.95 for two years). Other nations: $169.95 ($288.95 for two years) surface mail; $275.95 ($468.95 for two years) via airmail. Single copies are available for $20.00 (USA) and $25.00 (all others). February issue is available for $50.00 (USA and all others). Print Market Outlook, monthly management newsletter, available for $129.00. Please address all subscription mail to Graphic Arts Monthly, 44 Cook St., Denver, CO 80206-5800. **Graphic Arts Monthly® is a registered trademark of Reed Properties, Inc., used under license.** All Rights Reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage retrieval system, without permission of the copyright owner. Copies of back issues are available on microfilm from University Microfilm, 300 N. Zeeb Rd., Ann Arbor, MI 48106. (ISSN 1047-9325)

Cahners Publishing Company, A Division of Reed Publishing USA ☐ Specialized Business Magazines for Building & Construction ☐ Research ☐ Technology ☐ Electronics ☐ Computing ☐ Printing ☐ Publishing ☐ Health Care ☐ Foodservice ☐ Packaging ☐ Environmental Engineering ☐ Manufacturing ☐ Entertainment ☐ Media ☐ Home Furnishings ☐ Interior Design ☐ Lodging. Specialized Consumer Magazines for Child Care ☐ Boating ☐ Wedding Planning.

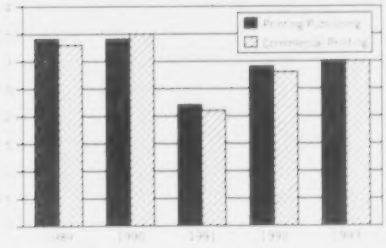
Production Jobs Lead Loss in '91



Employment
annual % change

Employment in the printing and publishing industry continues to drop. In January 1992, employment stood at 1.52 million workers, down from 1.56 million a year ago. The loss in the number of production jobs has been more severe; production accounted for nearly 60% of the jobs lost in the past 12 months. The worst does appear to be over, as the rate of decline has slowed. Employment will continue to slide through mid-1992 before improving in the last half of the year. The commercial printing sector, which typically fares better than the rest of the industry, has had a worse showing during the current recession. Commercial printing employment fell 2.4% last year (compared to 2.3% for the industry as a whole) and is headed for a slight 0.3% decline in 1992 (compared to -0.1% for the industry). Rather, the sectors which have done the best over the past year are periodicals and book publishing.

Hourly Wages, Job Time Down in '91



Average Hourly Wages
annual % change

Just as industry output and employment have declined, the growth in average hourly wages paid to production workers has slowed. Printing and publishing wages grew only 2.2% in 1991 to end the year at $11.70 per hour. The average number of weekly hours worked has also decreased, signalling cutbacks in production schedules. Once there are some signs of a recovery within the industry, wages will certainly jump back up. In order for the industry to continue attracting skilled labor, it will need to provide incentives in the form of compensation. Cahners Economics projects wage growth to be 2.9% in 1992 and 3% in 1993. Similar growth rates are expected for the commercial printing sector, which pays higher hourly wages than the rest of the industry. Commercial printing wages stood at $11.93 per hour at the end of last year, only 2.1% higher than the year before. In 1992, wages will grow 2.8%, followed by 3% growth in 1993.

The printing and publishing productivity index rose to 105.21 (1987-100) in January 1992, up from 100.98 in January 1991. The recent substantial gains in our industry productivity index are the result of the inputs decreasing faster than the outputs. In other words, the total number of production labor hours worked has declined more, and faster, than the actual output. Labor productivity increased 4.2% last year. Slower gains are projected for the next two years, as employment and hours worked rise faster than output.

SUPPLY INDICATORS

				Annual Percent Change			
Employment (1)	**Dec 90**	**Nov 91**	**Dec 91**	**1990**	**1991**	**1992**	**1993**
Printing & Publishing							
Commercial Printing							
Productivity (2)							
Printing & Publishing							
Average Hourly Earnings (3)							
Printing & Publishing							
Commercial Printing							
Graphic Arts Machinery (4)	**Q3/90**	**Q2/91**	**Q3/91**	**1990**	**1991**	**1992**	**1993**
New Orders							
Shipments							
Graphic Arts Supplies (4)							
Shipments							

Waterless Ignites Renewed Interest

Consistent, fine-screen work is the main appeal of a printing system now gaining a toehold in the U.S.

For years, press operators have struggled to maintain critical ink and water balance. Now one of the greatest variables, water, can be removed.

Offset printing without the use of fountain solution is not a new idea, but certainly one whose time has come. Initially developed by 3M in the late '60s and marketed under the product name Driography, the project was scrapped because of technical difficulties. 3M sold its patents for positive-working plates to Toray Industries of Japan in 1972; Toray later purchased the patents for negative plates.

The product concept was reintroduced to U.S. printers in 1985 with the development of a waterless negative-working plate. At present, Toray officials report there are roughly 38 waterless printing installations in this country, concentrated in the high-end commercial sheetfed market (60%), followed by packaging (30%), and fine arts reproduction (10%).

In Japan, acceptance is much higher; 15% of all presses there reportedly run waterless, and some 30% of all new sheetfeds come without dampeners.

The next target area for waterless is web offset, but a few technical difficulties must be solved first. Toray hopes to have a product for the web market within eight months.

By Lisa Cross
Associate Editor

For some printers, merely eliminating the biggest mystery of the printing process is enough, but there are other benefits to waterless printing. The main advantage described by both printers and systems suppliers is the ability to print consistent, high-quality work, while both increasing operating efficiency and decreasing waste.

"Waterless printing offers better print contrast and detail in your shadow area, less dot gain, and the ability to print at high resolutions, while increasing productivity," affirms Stuart Gritz, vice president, Gritz-Ritter Graphics, Boulder, Colo.

"Our salespeople can sell a higher-quality project, and we can save money in production. Color changes are less trouble, you can run higher ink densities, and both makeready time and waste decreased," he adds.

Gritz-Ritter has been printing without water for a year and a half, since it purchased an Akiyama six-color sheetfed.

Before investing in waterless printing, Gritz visited Japan. "In Japan the biggest reason for running waterless is productivity. They [Japanese printers] discovered that a less experienced press operator could produce high-quality work."

Training time in Japan for operating a four-color waterless press is from 60 to 90 days, according to representatives for Polychrome Corporation, Fort Lee, N.J., a Toray plate distributor. Additionally, in timed productivity tests, job changeover took roughly 14 minutes.

Some printers may gain such benefits, but experienced users point out that U.S. and Japanese printers operate much differently. Another American printer, who made a point of visiting Japan before opting for waterless, reports, "In the plants I saw, they didn't have press checks, they printed primarily four-color work, they printed jobs of ade-

quate quality, and the production runs were long."

Plainly, not all system users agree on the ability of waterless to improve productivity.

"I can tell you emphatically that in the high-end market no money is saved in terms of time and production running waterless over water. The advantage is that you turn out a superior product on a more consistent basis," observes Richard Stein, president of National Printing & Packaging Corp., Denver, the first U.S. printer to run waterless.

The company began printing waterless when it purchased a five-color Komori press more than two years ago. Some of the jobs run waterless on the press have been produced at 300- to 500-line screens. "A great number of efficiencies gained from waterless printing are offset by higher costs," Stein cautions.

Costs associated with start-up and process materials are major barriers. The waterless system recommended by Toray includes three components: the waterless plate, specialized inks, and a temperature control system on press. Printers surveyed report the plate material costs 30% to 50% more than conventional plates. The waterless plate is composed of an aluminum base coated with a photopolymer layer, then covered with a silicone rubber layer.

"The silicone rubber is the working principle of the waterless plate. It is the ink-repelling silicone that takes the place of the water in keeping ink off the nonimage surface of the plate," explains John O'Rourke, product manager for Toray Waterless Plates, New York.

"The plate actually has a relief or intaglio surface," he adds. "Since the photopolymer has a slight etch to it, more ink can be carried on the waterless plate than with a conventional plate. Also, dot gain is minimized."

The plate is exposed by conventional UV light in a standard vacuum frame, then developed in a special processor. The cost of Toray's 40" plate processor is about $30,000.

Since the waterless plate is designed to resist fluid from a specific viscosity, a specialized ink is required. Waterless inks typically are higher in viscosity and stiffer in body.

"Special resins are used in the inks to attain certain viscosity levels within a very narrow temperature range," reports Dick Drong, marketing manager—sheetfed inks, General Printing Ink Division, Sun Chemical, Northlake, Ill. Depending on the manufacturer, waterless inks can be priced competitively with conventional inks or priced at a premium.

Sun Chemical imports waterless sheetfed inks from Japan, but it is developing domestic production, which should ease pricing. "We're forecasting that our waterless sheetfed offset inks will be 30% to 35% higher than conventional inks," says Drong.

Temperature control is the third major component in waterless printing.

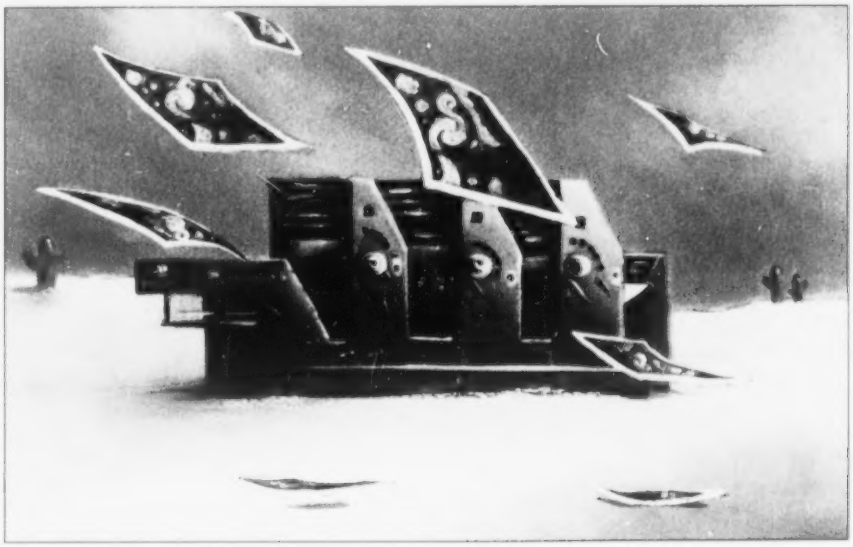
In conventional offset, the dampening system cools the press as it supplies fountain solution to the plate cylinder. Without this cooling effect, the printing rollers run hotter. In addition, the waterless inks' higher viscosity and body would create even more friction in the roller train. These temperature increases cause ink viscosity to fall below the working parameters of the waterless plate, with the result that nonimage areas can no longer resist the ink.

Thus, some type of on-press temperature control system is recommended by the plate manufacturer. The equipment can be installed on existing presses.

In essence, ink/water balance has been replaced with ink/temperature balance.

The temperature control system borrows certain technology from the web industry. Chilled water is piped through vibrator rollers on the press. The press itself is not refrigerated; rather, coolant is supplied through the rollers to carry away the generated heat. The system is similar to the chill rolls used in web offset to set the plasticized inks after their solvents have been

Waterless printing is not an arid environment for creativity; it can produce works of excellent detail and quality.



Karen Shipley

driven off in the dryer.

In addition, if rollers or inks get too cold, warm water is circulated through the vibrator rollers.

"We maintain a very narrow window for temperature on the roller train to get the ink to perform at its best," explains Fred Valentini, vice president of Tri Service, Inc., a supplier of temperature control systems. The Melrose Park, Ill.-based company has provided such to the web industry for 15 years.

The cost to convert a press depends on the press size. Valentini reports that converting a typical six-unit 40" press with a multi-zone system—in which each press unit is controlled individually—will cost between $100,000 and $120,000. The conversion process requires replacing rollers, which means five to seven days of press downtime. All other work on the press is completed while the press is running, during makereadies or shift changes, or at night.

Tri Service has been converting sheetfed presses for waterless printing for 18 months. Thus far, it has completed 16 conversions and has about six more in progress. Valentini reports that most sales have been to press manufacturers.

Press builders offer waterless as an option or are developing systems, including Akiyama, Heidelberg, Komori, MAN Roland, Mitsubishi, and Shinohara Tech. Most press designs allow for switching between conventional and waterless printing.

Although Toray recommends the three components for optimum performance, some printers have opted to bypass the cooling system and focus efforts on finding an additive that will extend the viscosity of the ink.

Toray does not encourage that approach, as the method was tried in Japan for eight years without success. Still, a Toray spokesman "hopes printers who choose this method succeed."

As O'Rourke explains, "We're not in the business of selling temperature control systems. What we are trying to do is get printers on systems for waterless printing, which we know work."

Although printers using the waterless system sing its praises, it is not without disadvantages. For one, the plate is more sensitive than a conventional plate. "The plates scratch easier, so you have to be careful in storing and mounting," says Stein. "If you scratch the coating it prints."

Printers also reported difficulty in matching proofs:

- "There's nobody I'm aware of who can consistently and accurately reproduce a proof at finer screens. You're more consistent on press than you are on proof," observes John Trohatos, president, Central Printing, Dayton, Ohio.
- "There are pluses and minuses: dot gain is lower, but trap is higher," notes Gritz.
- "Proofing systems still don't quite match what you get on press. They are getting better, but they're not there yet," adds Stein.

Despite these drawbacks, printers using the waterless system apparently are content with its performance. In fact, officia at Litho Specialties in St. Paul e vision that one day all of the co pany's printing will be witho water. The company even d signed and built its own on-pre cooling system.

The vote is still out as whether the waterless process for all printing market segment

Believes Stein, "It fits speci markets [high-end sheetfe packaging, and label printing so if you're not producing f those markets I don't see tremendous advantage. Pre technology, inks, and chemist have been refined to such a poi that fabulous work can be pri ed with water. But waterle does allow me to print 300- a 500-line screens with lots of de sity, contrast, and consistenc which is tough to do with wate

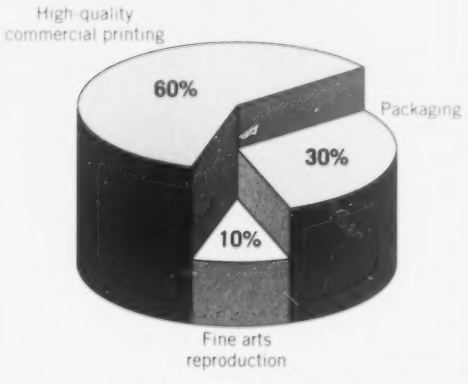
As for Toray's vision, not O'Rourke, "The niche mark initially for this product is pren um-quality sheetfed, but we' expecting it will become an e eryday process eventually, opposed to a premium process

The next generation of shee fed presses may ease the burde for printers wanting to expe ment with waterless. Futu presses predicted to run 15,000 to 18,000 impressions p hour will probably com equipped with water-cooled o cillators to compensate for i creased operating temperatur There are now prototypes in th field running at 17,000 iph.

"If a press is factory-equippe with the rollers, installing th temperature control system simple," explains Tri Service Valentini.

To print with or without water, the answers lie in careful anal sis of your printing operation costs, production efficiencie and markets served, plus you expectation of future deve opments in printing proces equipment and materials.

In the U.S., waterless printing is gaining popularity. At present, the process is being used in sheetfed for:



Circle No. 109 on Reader Service Card

graphic arts monthly

Wholesale Sales Shrink

The title of this month's print target market report is a slight misnomer. We're talking about wholesale trade, which the Department of Commerce (DOC) defines as establishments primarily engaged in selling merchandise to retailers, to large-scale end-users (such as institutions, industries, or contractors), or to other wholesalers. It also includes people or establishments acting as brokers or agents in buying merchandise for or selling it to the above.

We include the term "manufacturing" for two reasons: many wholesale establishments are owned and maintained by the marketing arms of manufacturers, and it's at this level that these companies are most active as consumers of commercial printing services, since the wholesaling operation markets goods both to retailers and the general public.

For simplicity's sake, we'll refer to all of the above as "wholesaling". The category is further divided by DOC into durable goods (like cars and refrigerators) and nondurable goods (paper, clothing, food, etc.).

The retail trade (see last month) rises and falls with disposable income and "consumer confidence". The numbers are very different for wholesaling. Retail sales 1990-1991 showed growth of around 6%, which, even after inflation is factored out, means that there actually was some growth. Over the same period, wholesale volume in consumer durables shrank 2%, as it did the year before. Food and beverages were up 1.3%, and paper products a comparatively robust 2.2%.

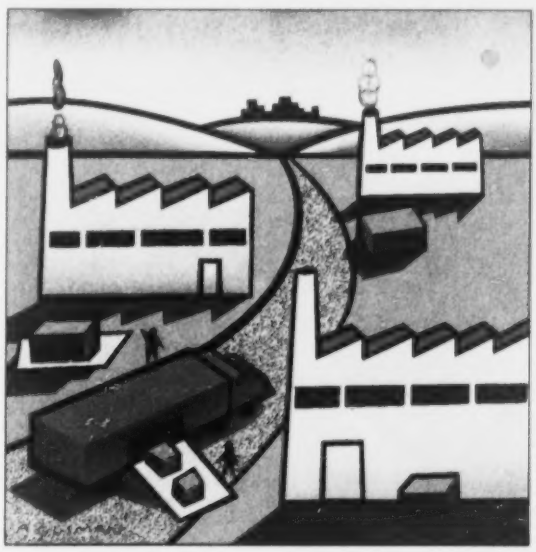
> From 1990-1991, volume in almost all consumer durables shrank.

That's the good news. The most recent figures for profitability in this sector are for the third quarter of 1991; compared to the same period a year earlier, profits in durable goods were off 82.9%. Nondurable profits fell 16.3% during the same period, dragged down mostly by the oil business; petroleum profits were off by 68.3%.

Yet whatever difficulties these firms are having, they still need to market their goods and run their businesses, which means they will still need the services of printing vendors. Wholesale trade accounts for almost $4.5 billion in commercial printing sales, placing it fourth on our list of top markets.

Wholesaling is clustered near major coastal population centers and Chicago (subject of this month's Regional Update), plus the more prosperous parts of the Sun Belt.

Reprints may be ordered from Cathy Dionne, Cahners Publishing Reprint Department, 1350 E. Touhy Ave., Des Plaines, Ill., 60018, or by calling (800) 523-9654 in the U.S.; in Canada, call (708) 390-2777.



Anne Gusman

By Peter Johnston
Special Projects Manager

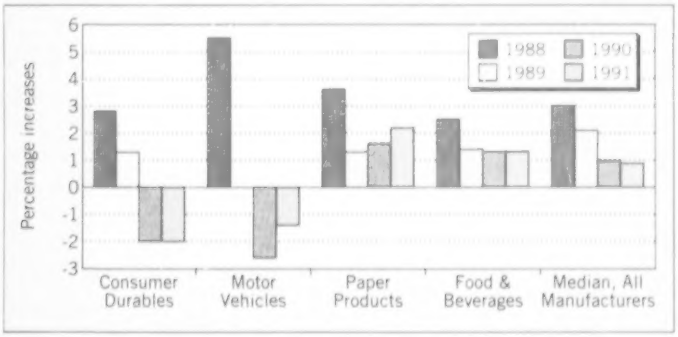
Wholesaling at a Glance

Though much smaller than retailing in terms of employment (six million vs. 12 million), wholesale trade is an equally vital sector of the American economy. Variously known as wholesalers, jobbers, factors, agents, and middlemen, this network of establishments provides the infrastructure that moves finished goods from farm or factory to the nation's army of retailers. Since this stage is where the bulk of mass marketing is done, wholesaling is one of the largest print target markets, with annual commercial printing purchases of $4.4 billion.

Total Establishments: 462,173
Employees: 5,981,378
Total Annual Payroll: $160,225,619

Industry Financial Outlook

Unlike retailing, which continued fairly strong until 1991 and is still growing slightly, the wholesale trade sector has been severely battered by recent economic conditions. There is little uniformity in the data collected in various subcategories, and much diffidence on the part of the government in making projections. However, when corrected for inflation there is no growth in any area, and shrinkage in several, along with declining profitability.

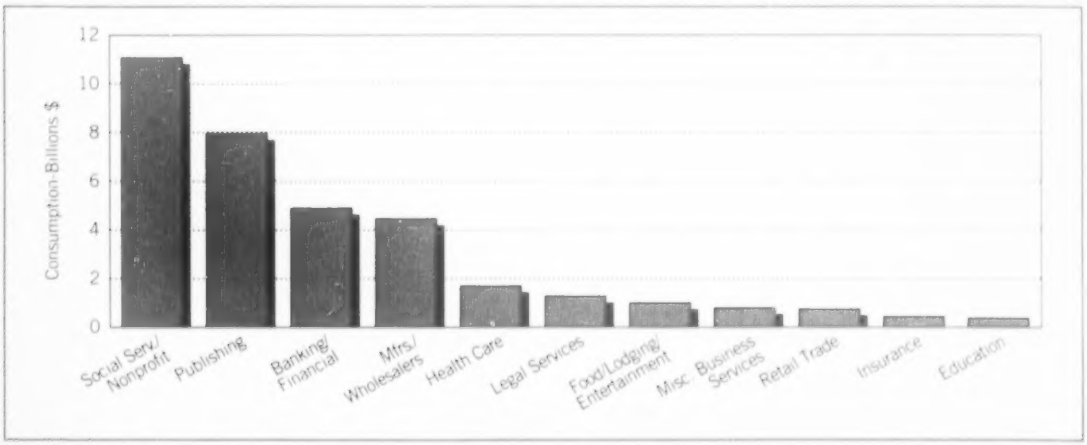


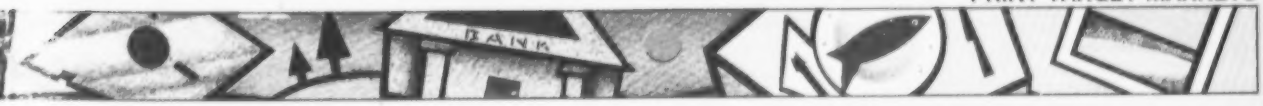
Industry	Printing Consumption ($ billions)
Social Service & Nonprofit	$11.052
Publishing, including software	7.933
Banking & Financial	4.871
Manufacturing & Wholesale Trade	4.436
Health Care	1.674
Legal Services	1.259
Food, Lodging, Entertainment	.983
Miscellaneous Business Services	.775
Retail Trade	.725
Insurance	.422
Education	.362
TOTAL:	$20.007

Charts and graphs by Annabelle Carter

Ranking of the Print Target Markets

Industries to be covered in the Print Target Markets series in 1992 were selected from a DRI/McGraw-Hill listing of the largest purchasers of goods and services from commercial printers. This list was further refined by the editors, primarily by the elimination of industries that are not logical targets for small- to medium-size commercial printers. The resulting list represents more than a third of all business-to-business printing sales.

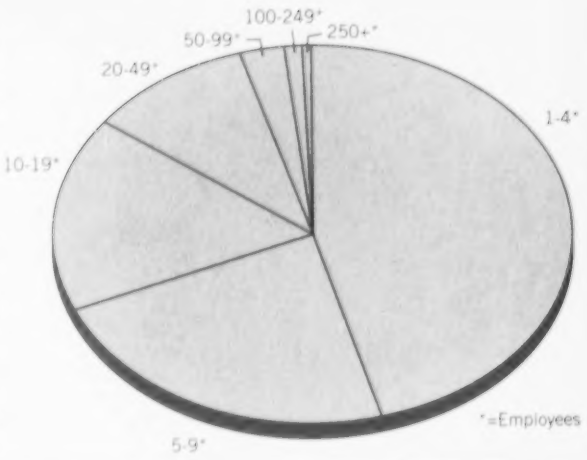




Wholesale Establishments by Employee Size

As might be expected by the nature of their business, wholesale establishments tend to be somewhat larger than retailers—just under 69% of wholesalers have fewer than 20 employees, versus 90% of retailers (and 80% of printers). Readers should be careful about extrapolating from these figures, as sales volume per employee can vary wildly from one segment of wholesaling to another.

1-4 Employees	212,173	45.9%
5-9 Employees	106,187	22.9%
10-19 Employees	76,210	16.5%
20-49 Employees	47,779	10.3%
50-99 Employees	12,913	2.8%
100-249 Employees	5,392	1.2%
250-499 Employees	1,110	0.2%
500-999 Employees	311	0.07%
1000+ Employees	98	0.02%



Industry Structure

Wholesaling is generally divided into durable goods and nondurable goods. While it is possible to question the relative durability of some products, the division itself is clear and logical: durable goods wear out, nondurable goods are used up. That is, consumables such as paper, food, and beverages are nondurable, whereas armchairs and drainspouts are durable. Each of the major categories shown here is broken up into myriad subcategories: "groceries," for example, includes not only general-line groceries but also dairy products (except dried or canned), poultry and poultry products, confectionery, fish and seafoods, meats and meat products, fresh fruits and vegetables, and miscellaneous.

Category	Number of Establishments
DURABLES	286,967
Motor Vehicles, Parts, & Supplies	43,813
Furniture & Homefurnishings	13,958
Lumber & Construction Materials	15,789
Professional & Commercial Equipment	42,749
Metals & Minerals (except petroleum)	10,702
Electrical Goods	32,635
Hardware, Plumbing, & Heating Equipment	22,600
Machinery, Equipment, & Supplies	71,423
Miscellaneous Durable Goods	32,243

Category	Number of Establishments
NONDURABLES	166,615
Paper & Paper Products	16,499
Drugs, Proprietaries, & Sundries	4,737
Apparel, Piece Goods, & Notions	16,343
Groceries & Related Products	40,651
Farm-Product Raw Materials	12,179
Chemicals & Allied Products	12,278
Petroleum & Petroleum Products	15,691
Beer, Wine, & Distilled Beverages	5,679
Miscellaneous Nondurable Goods	42,387

Source: U.S. Department of Commerce, County Business Patterns

Regional Distribution–Wholesalers

Region	Durables	Nondurables
New England	15,746	7,505
Middle Atlantic	45,487	30,789
South Atlantic	49,394	25,122
East North Central	48,207	25,366
West North Central	21,862	17,373
East South Central	15,705	8,474
West South Central	31,864	17,537
Mountain	15,544	8,308
Pacific	45,084	24,990

Source: U.S. Department of Commerce, County Business Patterns

Key to Regions

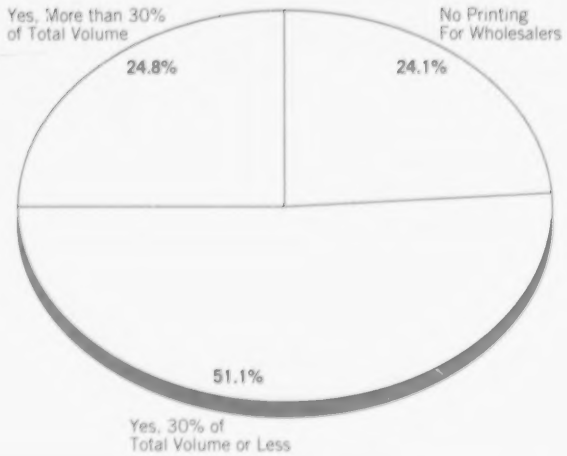
The nine geographic regions, as referred to throughout this survey:

New England (NE): Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Mid-Atlantic (MA):** New Jersey, New York, Pennsylvania. **South Atlantic (SA):** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Washington, D.C., West Virginia. **East South Central (ESC):** Alabama, Mississippi, Kentucky, Tennessee. **East North Central (ENC):** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central (WNC):** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central (WSC):** Arkansas, Louisiana, Oklahoma, Texas. **Mountain (M):** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific (P):** Alaska, California, Hawaii, Oregon, Washington.

Does Your Firm Work for this Industry?

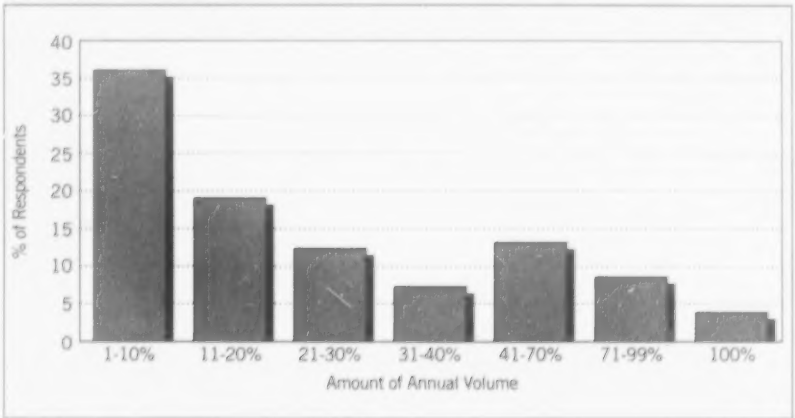
To measure the breadth of wholesaling's impact on commercial printing, small and medium-sized commercial printers across the country were surveyed for this article. Printers to be surveyed were selected on a random (every nth name) basis from the current circulation list of GRAPHIC ARTS MONTHLY. More than 75% of printers responding to the survey reported doing at least some work for the wholesale trade industry.

This is the largest representation of any industry so far studied, which is as it should be; wholesaling is the most important (in terms of volume) target market for printing covered up to this point.

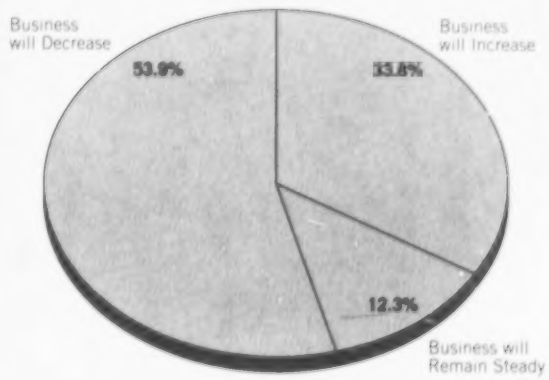


If So, How Much of Your Annual Volume is Printing for Wholesalers?

A large number of printers derive a substantial amount of their business (over 40%) from wholesalers. Small printers (the vast majority of printers sampled for this survey have fewer than 20 employees) tend to be generalized job shops, but wholesaling is such a voracious consumer of printing that more than a quarter of those surveyed do a major part of their business with wholesalers. Better than 12% derive over 70% of their business from this market, and a surprising number (nearly 4%) derive all of it from wholesaling.



Will your wholesale business rise or fall?



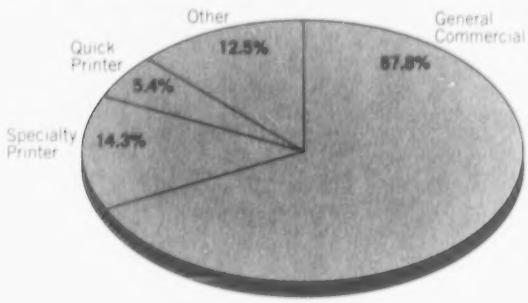
Printer-Supplied Products for Wholesaling

As with the other industries studied, commercial printers sell an awful lot of stationery and business forms to wholesalers. Not surprisingly, an almost identical proportion sell advertising printing to this segment. These figures show only the percentage of printers providing some of these products to the segment and not relative volumes; however, it seems reasonable to assume that wholesalers buy a substantially larger amount of advertising materials, and thus more color work, than other market segments.

Stationery and Business Cards	76.7%
Business Forms	75.4%
Advertising Sheets, Pamphlets, or Brochures	74.2%
Unbound Non-Advertising Material	44.1%
Miscellaneous Non-Printing Services	30.5%
Bound Publications	26.3%

Regional Update/Chicago

Type of Company

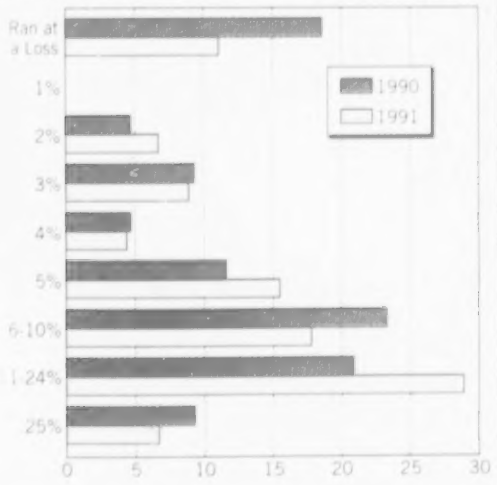


Profile of Respondents

Commercial printers in the metropolitan Chicago region responding to a recent mail survey reported year-over-year changes in their annual sales, profitability, and operating capacity. They also revealed how they perceived the outlook for business in their area. Figures for 1991 were estimated.

Gross Sales in 1991		# of Employees	
Less than $500,000	58.8%	1-4	40.4%
$500,000-749,999	11.8%	5-9	26.9%
$750,000-999,999	5.9%	10-19	26.9%
$1 million-2,499,999	15.7%	20 or more	5.8%
$2,500,000-4,999,999	5.9%		
$5 million-9,999,999	1.9%		

Profit as a Percent of Gross Sales, 1990



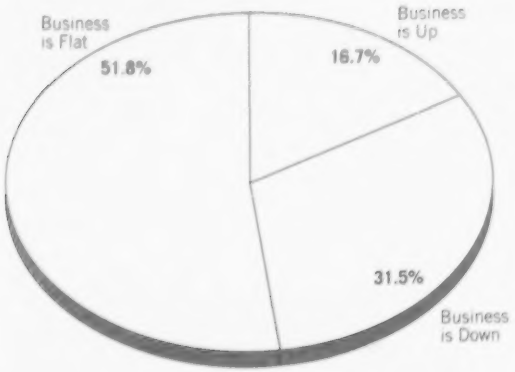
How Sales Changed, 1990 to 1991

1990 to 1991	
Sales Increased	50%
Sales Decreased	25%
Sales Were Flat	25%

If Sales Increased 1990-1991, How Large Was Increase?	
Less than 5%	13.0%
5-10%	34.8%
11-20%	30.4%
21-50%	21.7%
More than 50%	0%

If Sales Decreased 1990-1991, How Large Was Decrease?	
Less than 5%	0%
5-10%	41.7%
11-20%	50.0%
21-50%	8.3%
More than 50%	0%

Perception Index



Comments by Printers

- The business is out there. We feel very optimistic about 1992.
- We plan to increase our size by half in a new location in 1992.
- Our 24th year is more competitive, less profitable. It's harder to be solvent and maintain good credit rating.
- Printers are trying real hard; profit margins seem to be less and less all the time, and buyers want more and more. When will it get back to the way it used to be?
- The market is becoming saturated with smaller shops. Development of a specific market niche is becoming crucial.
- We're a growing business, yet there's more competition.